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Slovakia

Tobacco and Products

Situation Update

2004

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Report Highlights:

According to the Ministry of Finance, smuggled cigarette sales are growing in Slovakia with legal sales dropping by 15 to 17 percent. Importers and tobacco product manufacturers estimate a market drop of 30 to 40 percent since January 2004. Most of the smuggled cigarettes are sourced from Ukraine where the market price is about five times lower.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[LO]

According to the Ministry of Finance, the sale of smuggled cigarettes is growing in Slovakia. As a result, legal sales have dropped by 15 to 17 percent. State loses on consumers' tax payments are estimated at SK 4 - 7 billion by the Slovak Trade Association. Most of the smuggled cigarettes come from Ukraine, where the market price of cigarettes is about five times lower than in Slovakia. Smuggled cigarettes are sold in Slovakia for almost half the price of legally sold cigarettes.

According to the importers and producers of tobacco products, the tobacco market has dropped by 30 - 40 percent since January 2004, and Slovakia's two biggest cigarette producers, Phillip Morris Slovakia and Slovak International Tabak, confirmed that illegal cigarette sales could seriously threaten the legal market.

The Slovak Customs Administration reports that there are at least four organized groups involved in the illegal import and distribution of cigarettes in Slovakia and estimates that the smugglers make approximately SK 1.2 billion worth of profits from these illegal activities.

Average exchange rate:

\$1 = SKK 45,311 in 2002